

Message Text

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PAGE 01 STATE 012906

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ORIGIN XMB-04

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 USIA-15

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APPROVED BY: EB/OCA/REP:JBRABENS

XMB:WWGLICK

ARA/PAN:DJPEASHOCK

EB/IFD/ODF:BGCROWE

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R 201614Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY PANAMA

UNCLAS STATE 012906

E.O. 11652: N/A

TAGS: APUB, PN

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO PANAMA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF DOLS 6,435,000 TO INSTITUTO NACIONAL DE TELE-
COMUNICACIONES, (INTEL). RELEASE IS SCHEDULED FOR ANNOUNCEMENT
HERE IN WASHINGTON, D.C. FOR A.M. PAPERS,
WEDNESDAY, JANUARY 29, 1975.

QUOTE: EXIMBANK AUTHORIZES DOLS 6,435,000 CREDIT TO ASSIST
DOLS 14.3 MILLION SALE OF U.S. TELECOMMUNICATIONS EQUIPMENT TO
PANAMA

TO HELP FINANCE A DOLS 14.3 MILLION SALE OF U.S. GOODS AND
SERVICES REQUIRED FOR EXPANSION OF A TELECOMMUNICATIONS SYSTEM
IN PANAMA, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK
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PAGE 02 STATE 012906

OF THE UNITED STATES, PURSUANT TO A PRELIMINARY COMMITMENT

APPROVED IN MAY 1974, HAS AUTHORIZED A DIRECT CREDIT OF DOLS 6,435,000 TO FINANCE 45 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. EXIMBANK IS ALSO PROVIDING A FINANCIAL GUARANTEE OF A CREDIT OF DOLS 2,145,000 FROM THE NATIONAL BANK OF COMMERCE IN SEATTLE, TO FINANCE 15 PERCENT OF THE TOTAL U.S. COSTS. ADDITIONAL FINANCING OF DOLS 4,290,000 TO COVER 30 PERCENT OF THE U.S. COSTS WILL BE PROVIDED BY THE PRIVATE EXPORT FUNDING CORPORATION (PEFCO).

THE OBLIGOR, INSTITUTO NACIONAL DE TELECOMUNICACIONES, (INTEL), WHICH IS WHOLLY-OWNED BY THE PANAMANIAN GOVERNMENT, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR DOLS 1,430,000.

THE PROJECT IS PART OF A FIVE YEARPROGRAM TO EXPAND INTEL'S TELECOMMUNICATIONS SYSTEM AND IS ESTIMATED TO HAVE A TOTAL COST OF SOME DOLS 55 MILLION. U.S. PURCHASES WILL INCLUDE ELECTRONIC SWITCHING EQUIPMENT, MICRO-WAVE AND MULTIPLEX EQUIPMENT, AND RELATED EQUIPMENT AND SERVICES. THE MAJOR U.S. SUPPLIER WILL BE GENERAL TELEPHONE AND ELECTRONICS OF STAMFORD, CONNECTICUT.

THE LOANS ARE TO BE REPAID IN 18 SEMIANNUAL INSTALLMENTS BEGINNING FEBRUARY 10, 1978. EXIMBANK'S DIRECT CREDIT OF DOLS 6,435,000 WILL BE REPAID OUT OF THE LAST 9 INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 8.8 PERCENT TO 9.05 PERCENT PER ANNUM. REPAYMENT OF EXIMBANK'S CREDIT, THE PEFCO CREDIT AND THE CREDIT FROM THE NATIONAL BANK OF COMMERCE IS TO BE GUARANTEED BY THE REPUBLIC OF PANAMA. UNQUOTE KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 20 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE012906
Document Source: CORE
Document Unique ID: 00
Drafter: XMB:AMOHANIAN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750021-1065
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750136/aaaabgbv.tel
Line Count: 92
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 19 NOV 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 NOV 2003 by MaustMC>; APPROVED <25 Nov 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS RELEASE ON EXIMBANK CREDIT TO PANAMA FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
TAGS: APUB, PN
To: PANAMA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006